

## Notice of Intent to Certify Sole Source

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**To:** Interested Parties

**From:** Craig P. Orgeron, Ph.D. *CPO*

**CC:** ITS Project Number 42924

**Date:** July 19, 2016

**Re:** Sole Source Certification Number 3931 to provide software maintenance and support of the Direct Servicing Software for the Mississippi Development Authority (MDA)

**Contact Name:** Cerria Walker

**Contact Phone Number:** 601-432-8013

**Contact E-mail Address:** [cerria.walker@its.ms.gov](mailto:cerria.walker@its.ms.gov)

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### Sole Source Certification Award Details

Regarding Information Technology Services (ITS) Sole Source Certification Number 3931 for software maintenance and support of the Direct Servicing Software for the Mississippi Development Authority (MDA), please be advised that ITS intends to award MITAS Group Inc. as the sole source provider of software maintenance and support of the Direct Servicing Software through June 30, 2019, in an amount not to exceed \$39,098.93. For an explanation regarding Mississippi state law, policy and procedures for sole source procurements, refer to Attachment C: Sole Source Procurement Overview.

### Sole Source Criteria

1. The product or services being purchased must perform a function for which no other product or source of services exist:

**MITAS provides periodic enhancements made to the programs as maintenance to their Direct Servicing Software. These enhancements are generally designed to insure that MDA's system will not become obsolete when new technology has been introduced in the industry that will allow MDA to operate more effectively and efficiently. MITAS offers custom programming services to modify the existing programs to meet unique requirements, or write new programs that will integrate with MDA's existing system. The customer's sole source certification request is included as Attachment A.**

2. The purchaser must be able to show specific business objectives that can be met only through the unique product or services:

**The community Services Division and the Financial Resources Division of MDA use this product to collect payments and track proper application of payments outstanding on economic development loans. In addition, it tracks interest accrual and provides**

various accounting reports. The customer's sole source certification request is included as Attachment A.

3. The product or services must be available only from the manufacturer and not through resellers who could submit competitive pricing for the product or services:

MITAS is the sole owners of the product and the only company that can support the software as it requires the source code to do so. The Vendor's sole source certification letter is included as Attachment B.

#### **Schedule**

Task	Date
First Advertisement Date	07/19/16
Second Advertisement Date	07/26/16
Response Deadline From Objectors	08/02/16 at 3:00 P.M. Central Time
Notice of Award/No Award Posted	Not before 08/03/16

#### **Project Details**

The Mississippi Development Authority originally purchased the Direct Servicing Software as an emergency in June 2011. The Mississippi Development Authority is seeking ongoing support and maintenance for MITAS' Direct Servicing Software used to service thousands of dollars in loans for economic development. The Mississippi Development Authority has spent to date \$141,806.04. ITS has obtained permission from the Department of Finance and Administration, Office of Fiscal Management to proceed with this request.

#### **Submission Instructions and Format of Response from Objecting Parties**

Interested parties who have reason to believe that the Direct Servicing Software should not be certified as a sole source should provide information in the following format for the state to use in determining whether or not to proceed with awarding the Sole Source contract to MITAS Group Inc.

##### **1.1 Interested Party Information**

1.1.1 Contact Name, Phone Number and email address

1.1.2 Company Website URL, if applicable

##### **1.2 Objection to Sole Source Certification**

1.2.1 Interested parties must present specific objections to the Sole Source certification using the criteria listed above.

1.2.2 A statement regarding the Interested Party's capabilities as related to this Sole Source Certification Request.

1.3 Comments will be accepted at any time prior to Tuesday, August 2, 2016, at 3:00 p.m. (Central Time) to Cerria Walker at [cerria.walker@its.ms.gov](mailto:cerria.walker@its.ms.gov) or at the Mississippi Department of Information Technology Services, 3771 Eastwood Drive, Jackson, Mississippi 39211. Responses may be delivered by hand, via regular mail, overnight delivery, e-mail or by fax. Fax number is (601) 713-6380. ITS WILL NOT BE RESPONSIBLE

FOR DELAYS IN THE DELIVERY OF RESPONSES. It is solely the responsibility of the Interested Parties that responses reach ITS on time. Interested Parties may contact Cerria Walker to verify the receipt of their Responses. Responses received after the deadline will be rejected.

- 1.4 Interested Party responses should include the following information:

**SUBMITTED IN RESPONSE TO  
Sole Source Certification No. 3931-42924  
Accepted until August 2, 2016 @ 3:00 p.m.,  
ATTENTION: Cerria Walker**

If you have any questions concerning the information above or if we can be of further assistance, please contact Cerria Walker at 601-432-8013 or via email at [cerria.walker@its.ms.gov](mailto:cerria.walker@its.ms.gov).

Attachment A: Customer Sole Source Certification Request  
Attachment B: Vendor Correspondence  
Attachment C: Sole Source Procurement Overview



3771 Eastwood Drive  
Jackson, Mississippi 39211  
Phone 601-432-8000 Fax 601-713-6380

## Sole Source Certification Request

<b>Project Title: MITAS Direct Servicing Software Renewal</b>				<b>Stimulus (ARRA) Funds? Yes No <u>X</u></b>	
<b>Customer Contact Information</b>					
Agency/Public University: MS Development Authority Address: 501 N. West Street Jackson, MS 39201			Contact Person: Shana R. Holt Phone: 601-359-2597 Fax: 601-359-5042 Email Address: sholt@mississippi.org		
MAGIC Customer Number (only required from state agencies): 7000000109			Division/Dept.: Handmail: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
<b>Project Summary Narrative Description of Project</b> (include details of original acquisition if applicable): Support and maintenance for proprietary software used to service thousands of dollars in loans for economic development. It also monitors collateral, UCC, and insurance expiration dates. The MITAS Group is the developer and sole-source provider of TMG's Direct Servicing Software, providing solutions to government agencies with specialized payment collection and customized amortization rules. This is a continuation of CP-1 #20140671 (Contract IT20110382, MAGIC #8800000494). The annual maintenance term is July 1 through June 30.					
<b>ITS Acquisition Approval (CP-1) should be effective through this date</b> (Please allow time for all vendor invoices to be paid):					
<b>Cost Estimates Fiscal Year</b>	<b>Initial Costs</b>	<b>Ongoing Costs</b>	<b>Time Constraints</b> Item Needed by: June 30 <sup>th</sup> Funds Expire: June 30 <sup>th</sup>	<b>Anticipated Lifecycle of Products/System</b> (i.e. estimated years of effective use): 2-5 years	
FY17		\$12,649.69	<b>Discuss Funding</b> (e.g. how much of needed funding is definite; total project budget; any matching or other non state funds) This is a mission critical application so funding is included in annual budget requests. Total project budget is \$67,158.93.		
FY18		\$13,029.18			
FY19		\$13,420.06			
<b>Total</b>		<b>\$39,098.93</b>			
<b>Acquisition Details</b>					
<b>Items Requested</b>	<b>Quantity</b>	<b>Description</b>		<b>Building Location(s)</b>	
TMG Direct Servicing S/W	2 years w/1 yr. optional	Support & Maintenance		McKinney, TX www.mitas.com	
<b>Describe platform &amp; infrastructure</b> (connectivity; software/hardware platforms; utilization of State Data Center resources: mainframe, eGovernment portal, payment engine, document management, hosting). For equipment or hosting outside the State Data Center, attach justification: The application is a Windows based distributed application and uses Microsoft SQL 2012 database on a Windows 2008 R2 virtual server, for its data storage. It is maintained on premise at the MDA data center. It is included in our disaster recovery plan, which provides redundancy offsite and backups offsite.					
<b>Progress to Date:</b> What has been done related to this project, including any communication with ITS staff (data/voice/procurement/other)?					
<b>Sole Source Certification</b> Note: Certification must be renewed for each revision or continuation of previous Sole Source Approvals.					
<b>Specific business requirements to be met by the requested products or services:</b> The community Services Division and the Financial Resources Division of MDA use this product to collect payments and track proper application of payments outstanding on economic development loans. In addition, it tracks interest accrual and provides various accounting reports.					
<b>Explain why these products or services are the only ones that can meet your needs</b> (include unique features/special functionality): MITAS provides periodic enhancements made to the programs as maintenance to their Direct Servicing Software. These enhancements are generally designed to insure that MDA's system will not become obsolete when new technology has been introduced in the industry that will allow MDA to operate more effectively and efficiently. MITAS offers custom programming services to modify the existing programs to meet unique requirements, or write new programs that will integrate with MDA's existing system.					
<b>Explain why the source is the only entity that can provide the products or services</b> (Include other products/vendors researched or evaluated): MITAS is the sole owners of the product and the only company that can support the software as it requires the source code to do so.					
<b>Explain why the amount to be expended for the services is reasonable:</b> N/A					
<b>Explain what your agency did to obtain the best possible price for the services:</b> N/A					
Vendor's Certification of Sole Source attached: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			Vendor's proposal submitted: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
<b>MAGIC Vendor Code(s)</b> Vendor must be in MAGIC before a CP-1 can be issued.					
Place Order To Vendor Name: The MITAS Group Inc Vendor Address: 1575 Heritage Dr. Suite 300, McKinney, TX 75069			Remit To Vendor Name: The MITAS Group Inc. (Magic Supplier#3100025598) Vendor Address: 1575 Heritage Dr. Suite 300, McKinney, TX 75069		

## Attachment A

By my signature, I certify that, to the best of my professional knowledge: the requested product or services are a sole source as outlined in the ITS Procurement Handbook, Rule 207.2:013-030 Procurement Types: Sole Source, and as outlined in Mississippi Code annotated Section 31-7-13. In addition, I acknowledge that there is a charge for ITS procurement services associated with this request which will be billed to the requestor by ITS and that my agency/public university is responsible for these charges/costs.

Glenn McCullough, Jr. / Executive Director            7-14-'16  
Name (Agency Head or Institution CIO) Title      Signature      Date



May 24, 2016

Shana R. Holt  
IT Procurement & Systems Manager  
MS Development Authority  
501 North West Street  
Jackson, MS 39201

Dear Ms. Holt:

The Mitas Group (TMG) is happy to offer ongoing maintenance and support services to your agency for the MITAS product. The MITAS product consists of proprietary software written over many years by our company. We are the sole owners of the product and the only company that can support the software as it requires the source code to do so.

The product is a Microsoft Windows based application that utilizes a Microsoft SQL database for its data storage.

Your agency utilizes this product to service various loans (thousands) that have been made by different departments within your agency. Servicing requires collection of payments and proper application of payments outstanding, accrual of interest, year-end reporting requirements, and various accounting reports. During initial implementation, MITAS also enhanced the product to be able to comply with certain processing needs that your loans have in how they calculate interest and determine due amounts. TMG specializes in servicing environments such as yours that do not necessarily follow industry standard amortization rules. All of our business is government related such as your agency.

Our pricing for maintenance and support is based on a long history of industry standards in determining pricing based on initial cost of product and thus cost to replace. A very typical scenario is 25% of original purchase cost (excluding services). Annually this cost may be increased due to inflation or additional custom functionality added by request of your agency. With each renewal, MITAS analyzes the previous support year to determine if any significant increase is warranted, else a minor increase to keep up with growing costs is only applied. Multi-year contracts are generally beneficial to our clients as they set an agreed upon rate of increase for the term.

Regards,

Steven M. Mitas  
President  
The Mitas Group, Inc.

## **Attachment C: Sole Source Procurement Overview**

The acquisition of information technology for all state agencies and institutions of higher learning (IHLs) is within the scope of the ITS law, found in Mississippi Code Section 25-53-1, et seq., and the policies and procedures established in accordance with this statute, found in the ITS Procurement Handbook posted on the ITS website ([www.its.ms.gov](http://www.its.ms.gov)).

ITS enabling legislation requires that information technology hardware, software and services be acquired in a manner that insures the maximum of competition among all manufacturers and suppliers of such equipment and services. Accordingly, ITS promotes full and open competition through the issuance of open specifications and the objective evaluation of Interested Party proposals to determine the lowest and best offering to meet an agency's or public university's business requirements. True competition protects the integrity and credibility of purchasing in the public sector and is essential in providing best value and adequate contractual protection for the purchasing entity. In certain limited situations, information technology acquisitions may be sole-sourced.

ITS utilizes the provisions of Public Purchasing Law for Sole Source and Emergency procurements of information technology. Mississippi Public Purchasing Law (Mississippi Code Section 31-7-13) specifies that noncompetitive items available from one source only be exempted from bid requirements (sole-sourced). ITS statute, in Section 25-53-5 (p), permits ITS to utilize provisions in Public Purchasing Law or regulations, when applicable.

Per Public Purchasing law, acquisitions must meet the following criteria to be authorized as sole source:

1. The product or services being purchased must perform a function for which no other product or source of services exists,
2. The purchaser must be able to show specific business objectives that can be met only through the unique product or services, AND
3. The product or services must be available only from the manufacturer and NOT through resellers who could submit competitive pricing for the product or services. The vendor's correspondence regarding this criterion for this project is included as Attachment B.

By policy as documented in the ITS Procurement Handbook, acquisitions of IT services must include the following information to be authorized as sole source:

1. An explanation about why the amount to be expended is reasonable, and
2. An explanation regarding the efforts by the purchaser to obtain the best possible price.

For state agencies, approval of all technology purchases with a lifecycle cost of \$5,000 or less, including sole source purchases, has been delegated to the agency. The ITS Procurement Limits Policies for Agencies (a section in the ITS Procurement Handbook) require a minimum of two competitive written bids or proposals for technology purchases with a lifecycle cost over \$5,000 but not over \$50,000 (not over \$25,000 for projects funded by the American Recovery and Reinvestment Act). Since, for single source items, the procuring agency will be unable to obtain two written bids, ITS must certify all sole source acquisitions of information technology with a lifecycle cost greater than \$5,000.

Institutions of Higher Learning (IHLs) or public universities have been delegated the authority to certify sole source procurements up to \$250,000 lifecycle cost under the ITS Procurement Limits Policies for IHLs (a section in the ITS Procurement Handbook). For the certification of sole source procurements delegated to the CIOs at public universities, the public university must follow ITS' Sole Source Procedure, including advertisement of the intent to award as sole source. Institutions certifying a sole source purchase must ensure the criteria listed above are met and documented in writing by the institution and the Interested Party prior to certifying a product or service as sole source. Sole source documentation must be reviewed and approved by the IHL's CIO for any sole-source certification above \$5,000. All sole source documentation should be retained in the public university's procurement file. Sole source requests above \$250,000 lifecycle cost require ITS approval.

## **Attachment C: Sole Source Procurement Overview**

Other than the delegations outlined above, all sole source technology procurements must be certified by ITS. The customer's Sole Source Certification Request for this project is included as Attachment A.

ITS thoroughly reviews Sole Source Certification Requests, determining if competing products and/or services exist. If so, ITS conducts a competitive procurement. If ITS' review confirms the sole source, then a Sole Source advertisement is issued, giving other Interested Parties an opportunity to identify competing products and/or services. Based upon the results of the Sole Source advertisement, ITS will either certify the request as a sole source or conduct a competitive procurement.